

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	215
12 month price target (INR)	280
52 Week High/Low	333/170
Market cap (INR bn/USD bn)	135/1.5
Free float (%)	80.7
Avg. daily value traded (INR mn)	859.7

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	22.10%	22.10%	22.02%
FII	12.70%	13.79%	18.13%
DII	17.50%	15.60%	14.17%
Pledge	0%	0%	0%

FINANCIALS

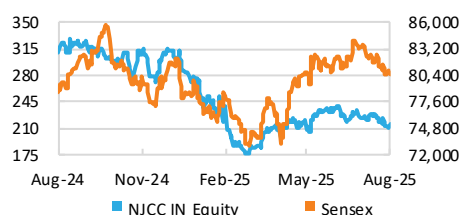
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,92,053	2,04,190	2,37,527	2,68,931
EBITDA	17,456	18,559	21,589	24,444
Adjusted profit	7,997	8,434	10,115	11,721
Diluted EPS (INR)	12.7	13.4	16.1	18.7
EPS growth (%)	16.2	5.5	19.9	15.9
RoAE (%)	10.7	10.8	11.8	12.3
P/E (x)	16.9	16.0	13.3	11.5
EV/EBITDA (x)	7.8	7.6	6.8	6.0
Dividend yield (%)	1.0	1.0	1.0	1.0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	2,04,190	2,37,527	-4%	0%
EBITDA	18,559	21,589	-4%	-1%
Adjusted profit	8,434	10,115	-6%	-3%
Diluted EPS (INR)	13.4	16.1	-7%	-3%

PRICE PERFORMANCE



Soft quarter

NCC reported Q1FY26 top line of ~INR43.8bn (down 7% YoY). EBITDA margin decreased ~30bp YoY to 9% while adjusted PAT fell 5% YoY. Debt increased INR3.7bn QoQ as the working capital cycle deteriorated to 116 days from 93 days at end-Q4FY25. Order intake came in at ~INR36.6bn in Q1FY26. The company ended the quarter with an order book of ~INR701bn (book-to-bill of 3.2x); in addition, it is currently L1 in another INR50–60bn projects.

Management expects execution to ramp up going ahead. That said, given payment and labour unavailability issues (refer to [Union Budget: Muted capex growth](#)), we are cutting FY26E/27E EPS by 7%/3%. Maintain 'BUY' with a TP of INR280 (17x Q1FY28E EPS).

Execution and margins decline YoY in Q1FY26

NCC's Q1FY26 top line inched down 7% YoY as the company calibrated execution in the wake of payment delays. EBITDA margin fell ~30bp YoY to 9%. However, management is confident of execution picking up over coming quarters and has guided for 10% YoY revenue growth in FY26E with an EBITDA margin on 9%.

Smart meter projects to pick up pace

Work on the smart meter projects in Bihar and Maharashtra has commenced and is likely to gather pace now. The company has a total equity commitment of ~INR4.3bn over the next 1.5 years. It has already invested ~INR0.7bn to date and plans to infuse another INR1.5–2bn in the rest of FY26.

Order inflows remains healthy

NCC won INR36.6bn worth of orders during Q1FY26 and ended the quarter with an order book of ~INR701bn (book-to-bill of 3.2x). It is currently L1 in another INR50–60bn projects. The company has a robust bid pipeline of ~INR2.5tn and has guided for INR220–250bn of new order accretion in FY26E. New opportunities in the Andhra Capital City project (where the company has won ~INR90bn projects in FY25) can aid the company's order inflows going ahead, in our view.

Debt levels increase QoQ

Seasonality factors caused gross debt to increase to ~INR18.5bn in Q1FY26 (INR14.8bn at end-Q4FY25). NCC ended the quarter with a net debt of ~INR10.3bn (INR1.5bn in Q4FY25); consequently, net debt to equity increased to 0.13 (0.02x at end-Q4FY25). Management expects debt to fall in H2FY26. The working capital cycle deteriorated to 116 days in Q1FY26 (93 days at end-Q4FY25).

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	43,782	47,133	(7.1)	53,761	(18.6)
EBITDA	3,949	4,396	(10.2)	4,953	(20.3)
Adjusted Profit	1,901	2,007	(5.3)	2,530	(24.9)
Diluted EPS (INR)	3.0	3.2	(5.3)	4.0	(24.9)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,92,053	2,04,190	2,37,527	2,68,931
Gross profit	28,484	30,284	35,228	39,886
Employee costs	7,587	8,066	9,383	10,624
Other expenses	3,441	3,658	4,256	4,818
EBITDA	17,456	18,559	21,589	24,444
Depreciation	2,129	2,334	2,660	2,866
Less: Interest expense	6,527	6,863	7,136	7,225
Add: Other income	1,870	1,914	1,729	1,318
Profit before tax	10,284	11,276	13,522	15,670
Prov for tax	2,673	2,842	3,408	3,949
Less: Other adj	0	0	0	0
Reported profit	7,611	8,434	10,115	11,721
Less: Excp.item (net)	386	0	0	0
Adjusted profit	7,997	8,434	10,115	11,721
Diluted shares o/s	628	628	628	628
Adjusted diluted EPS	12.7	13.4	16.1	18.7
DPS (INR)	2.2	2.2	2.2	2.2
Tax rate (%)	26.0	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Book-to-bill ratio (x)	3.3	3.0	2.6	0
Orderbook (INR bn)	715.5	711.9	702.7	0
Gross margin (%)	14.8	14.8	14.8	14.8
EBITDA margin (%)	9.1	9.1	9.1	9.1
Net profit margin (%)	4.2	4.1	4.3	4.4
Revenue growth (% YoY)	4.9	6.3	16.3	13.2
EBITDA growth (% YoY)	5.9	6.3	16.3	13.2
Adj. profit growth (%)	16.2	5.5	19.9	15.9

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	0
Repo rate (%)	6.0	5.0	5.0	0
USD/INR (average)	84.0	82.0	81.0	0
Interest cost (%)	3.4	3.4	3.0	2.7
Employee cost (%)	4.0	4.0	4.0	4.0
Other exp. (%)	1.8	1.8	1.8	1.8
Other inc. (%)	1.0	0.9	0.7	0.5
Dep. (% gr. block)	6.9	6.1	6.2	6.1
Effect. tax rate (%)	26.0	25.2	25.2	25.2

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	16.9	16.0	13.3	11.5
Price/BV (x)	1.8	1.7	1.5	1.3
EV/EBITDA (x)	7.8	7.6	6.8	6.0
Dividend yield (%)	1.0	1.0	1.0	1.0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,256	1,256	1,256	1,256
Reserves	73,112	80,165	88,899	99,238
Shareholders funds	74,368	81,421	90,154	1,00,494
Minority interest	0	0	0	0
Borrowings	14,840	17,840	17,840	17,840
Trade payables	76,432	81,782	92,413	99,807
Other liabs & prov	31,904	34,116	38,140	41,155
Total liabilities	1,98,340	2,15,975	2,39,384	2,60,151
Net block	13,939	19,105	20,945	22,580
Intangible assets	211	241	271	300
Capital WIP	1,448	1,448	1,448	1,448
Total fixed assets	15,598	20,794	22,664	24,328
Non current inv	10,652	12,902	14,402	15,902
Cash/cash equivalent	13,376	11,454	5,146	5,125
Sundry debtors	30,977	33,916	37,667	43,380
Loans & advances	4,678	5,278	5,878	6,478
Other assets	1,15,732	1,24,304	1,46,300	1,57,612
Total assets	1,98,340	2,15,975	2,39,384	2,60,151

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	7,611	8,434	10,115	11,721
Add: Depreciation	2,129	2,334	2,660	2,866
Interest (net of tax)	4,831	5,134	5,338	5,405
Others	(5,654)	(5,134)	(5,338)	(5,405)
Less: Changes in WC	7,206	4,529	11,672	7,197
Operating cash flow	1,710	6,240	1,103	7,390
Less: Capex	2,881	7,530	4,530	4,530
Free cash flow	(1,170)	(1,290)	(3,427)	2,860

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	10.7	10.8	11.8	12.3
RoCE (%)	20.5	19.2	19.9	20.2
Inventory days	32	31	31	29
Receivable days	56	58	55	55
Payable days	154	166	157	153
Working cap (% sales)	29.2	28.7	27.0	26.5
Gross debt/equity (x)	0.2	0.2	0.2	0.2
Net debt/equity (x)	0	0.1	0.1	0.1
Interest coverage (x)	2.3	2.4	2.7	3.0

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	16.2	5.5	19.9	15.9
RoE (%)	10.7	10.8	11.8	12.3
EBITDA growth (%)	5.9	6.3	16.3	13.2
Payout ratio (%)	18.1	16.4	13.7	11.8

Exhibit 1: Financial snapshot

Standalone (INR mn)	Q1FY26	Q1FY25	% YoY	Q4FY25	% QoQ	FY24	FY25	FY26E	FY27E	FY28E
Revenue	43,782	47,133	(7.1)	53,761	(18.6)	1,83,144	1,92,053	2,04,190	2,37,527	2,68,931
Direct cost	37,020	40,165	(7.8)	45,841	(19.2)	1,57,244	1,63,569	1,73,906	2,02,299	2,29,045
Staff cost	1,951	1,764	10.6	2,002	(2.6)	6,409	7,587	8,066	9,383	10,624
Other expenses	863	808	6.8	965	(10.6)	3,010	3,441	3,658	4,256	4,818
Total expenditure	39,833	42,736	(6.8)	48,808	(18.4)	1,66,663	1,74,597	1,85,631	2,15,938	2,44,487
EBITDA	3,949	4,396	(10.2)	4,953	(20.3)	16,481	17,456	18,559	21,589	24,444
Depreciation	542	531	1.9	530	2.2	2,092	2,129	2,334	2,660	2,866
EBIT	3,408	3,865	(11.8)	4,423	(23.0)	14,389	15,327	16,225	18,929	21,578
Less: Interest Expense	1,514	1,532	(1.2)	1,740	(13.0)	5,951	6,527	6,863	7,136	7,225
Add: Other income	514	341	50.9	691	(25.6)	1,241	1,870	1,914	1,729	1,318
Add: Prior period items	-	-	NA	-	NA	-	-	-	-	-
Add: Exceptional Items	0	0	NA	-386	NA	(566)	(386)	-	-	-
Profit Before Tax	2,408	2,674	(10.0)	2,987	(19.4)	9,114	10,284	11,276	13,522	15,670
Less: Provision for Tax	507	667	(24.0)	843	(39.9)	2,799	2,673	2,842	3,408	3,949
Reported profit	1,901	2,007	(5.3)	2,144	(11.3)	6,315	7,611	8,434	10,115	11,721
Adjusted profit	1,901	2,007	(5.3)	2,530	(24.9)	6,880	7,997	8,434	10,115	11,721
Equity capital	1,256	1,256	0.0	1,256	0.0	1,256	1,256	1,256	1,256	1,256
No. of Diluted shares outstanding (mn)	628	628	0.0	628	0.0	628	628	628	628	628
Adjusted Diluted EPS	3.0	3.2	(5.3)	4.0	(24.9)	11.0	12.7	13.4	16.1	18.7
as % of net revenues	YoY bps			QoQ bps						
Direct cost	84.6	85.2	-66.23	85.3	-71.42	85.9	85.2	85.2	85.2	85.2
Other operating expenses	2.0	1.7	25.70	1.8	17.54	1.6	1.8	1.8	1.8	1.8
EBITDA	9.0	9.3	-30.76	9.2	-19.24	9.0	9.1	9.1	9.1	9.1
Adjusted profit	4.3	4.3	8.29	4.7	-36.46	3.8	4.2	4.1	4.3	4.4
Tax rate	21.1	24.9	-387.97	28.2	-716.75	30.7	26.0	25.2	25.2	25.2

Source: Company, Nuvama Research

Conference call highlights

1. FY26 guidance

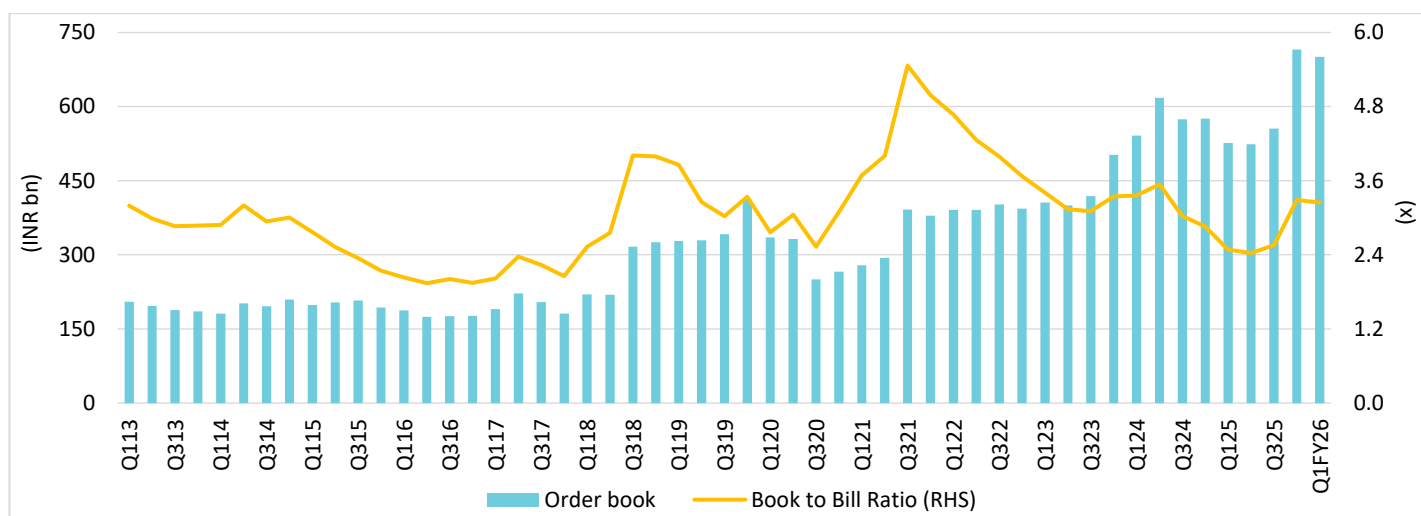
- Revenue: 10% YoY growth.
- EBITDA margins: 9%.
- Order intake: INR220–250bn.
- Capex: INR7.5bn

2. Order book: Order inflows during the quarter were INR36.6bn. NCC ended the quarter with an order book of ~INR701bn (book-to-bill of 3.2x).

YTD order inflows stand at ~INR67.2bn, which is at 31% of the lower end of guidance. It is also L1 in projects worth INR50–60bn.

The company has a bid pipeline of ~INR2.5tn across the building, transportation, water and electrical T&D segments. NCC guided for order inflows of INR220–250bn in FY26E.

Exhibit 2: Revenue visibility remains healthy in Q1FY26

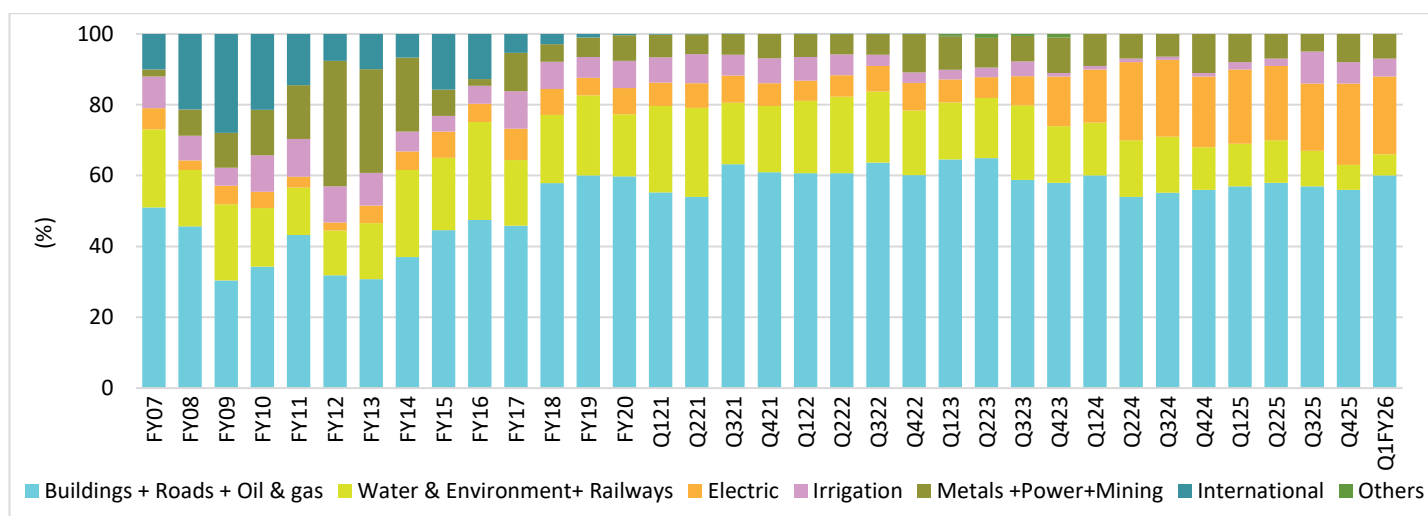


Source: Company, Nuvama Research

Given its segmental diversification, NCC would, in our view, sustain its strong run in order inflows (refer to [NCC - Firing on all cylinders](#)).

- Q1FY26 order book breakdown:** Buildings (34%), transport (26%), water and railways (6%), electric (22%), irrigation (5%) and mining (7%).

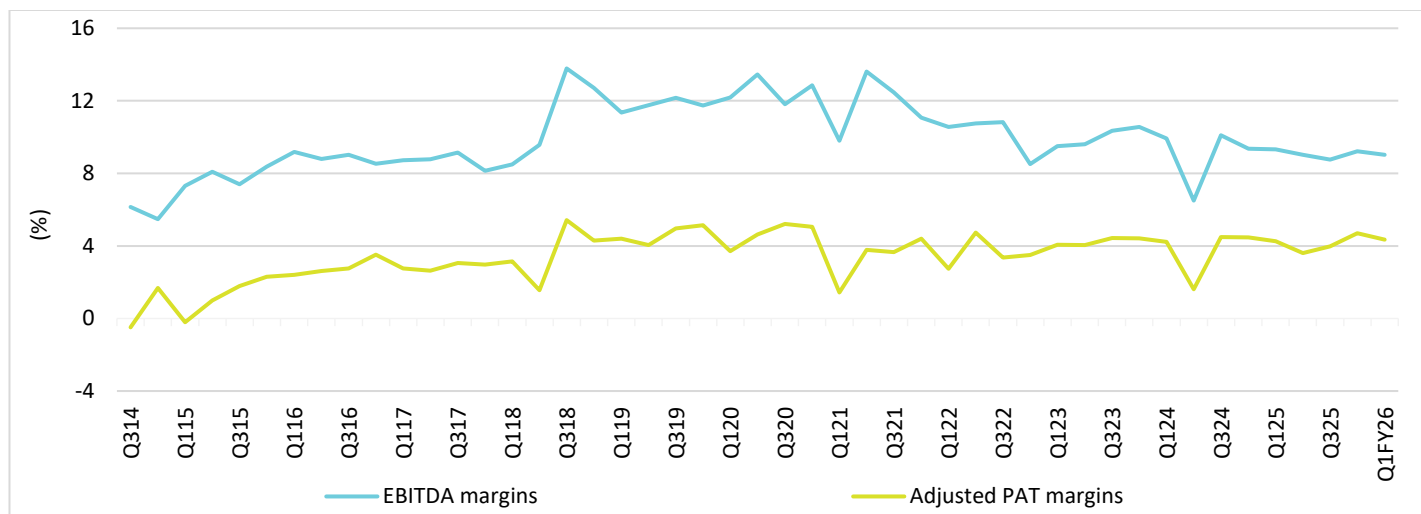
Exhibit 3: Building segment biggest contributor to order book



Source: Company, Nuvama Research

- EBITDA margin falls in Q1FY26:** EBITDA margin during the quarter decreased ~30bp YoY/~20bp QoQ to 9%. Adjusted PAT margin was flat YoY (down ~40bp QoQ) to 4.3%.

Exhibit 4: EBITDA margin declines YoY in Q1FY26

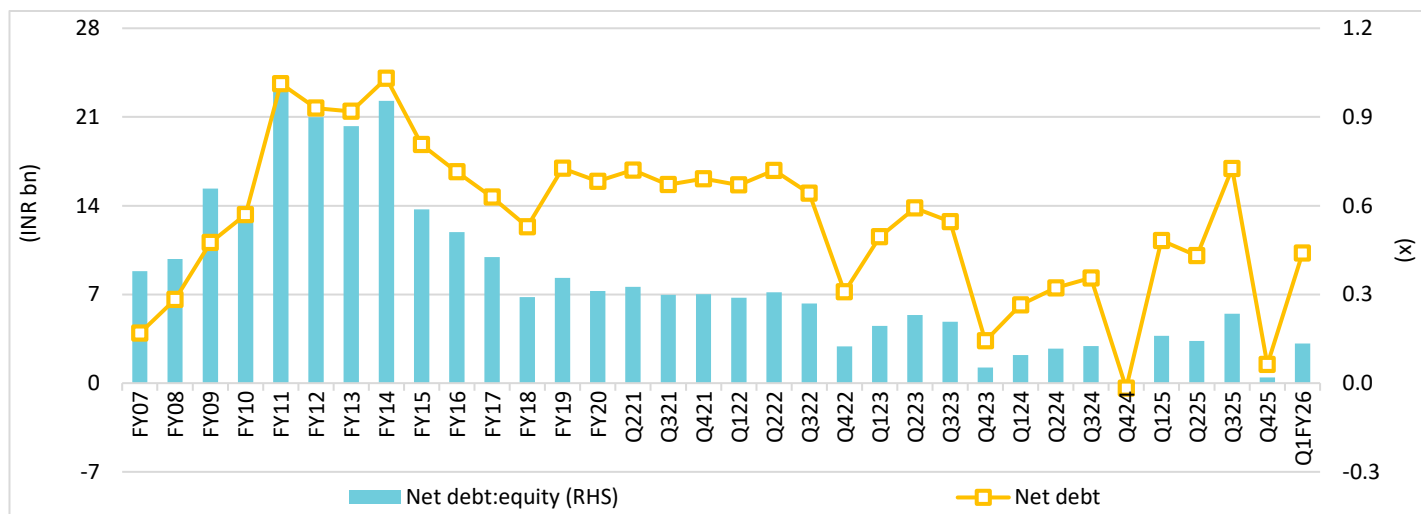


Source: Company, Nuvama Research

- Debt:** Due to the seasonality factors, gross debt increased to ~INR18.5bn in Q1FY26 (INR14.8bn at end-Q4FY25).

NCC ended the quarter with net debt of ~INR10.3bn (INR1.5bn in Q4FY25); consequently, net debt to equity increased to 0.13 (0.02x at end-Q4FY25).

Exhibit 5: Net debt increased QoQ in Q1FY26

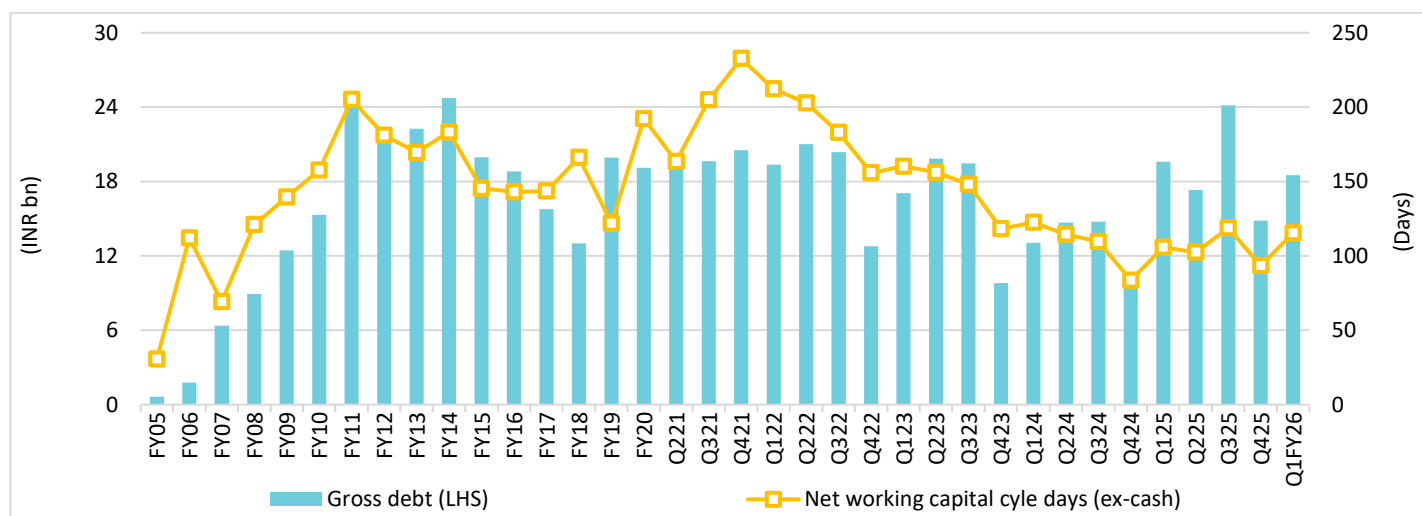


Source: Company, Nuvama Research

Management expects debt to fall in H2FY26.

6. **Working capital cycle:** The working capital cycle deteriorated to 116 days (93 days at end-Q4FY25).

Exhibit 6: Working capital cycle increases sequentially in Q1FY26



Source: Company, Nuvama Research

7. **NCC Urban Vizag deal:** During Q4FY22, the company had sold its entire stake in its subsidiary NCC Vizag Urban Infrastructure. The equity invested by NCC in this subsidiary was INR500mn. The company has already received the entire equity amount. Of the loan amount, the company received INR150mn in FY25 while INR1.2bn is likely in H2FY26E.

8. **Smart meter projects:** NCC currently has two smart meter projects under execution worth INR80.8bn–INR57.6bn in Maharashtra and the rest (INR23.2bn) in Bihar.

Maharashtra projects: The company has two projects here (in SPVs). The state government has provided clearances and the work has begun during the quarter. This project is likely to pick up pace Q2FY26 onwards.

Bihar project: The company has already started work on this.

NCC has a total equity commitment of ~INR4.3bn in these projects over the next 1.5 years. It has already invested ~INR0.7bn to date and expects to pour in another INR1.5–2bn here in the rest of the fiscal.

9. **JJM projects:** Of the total orders worth ~INR160bn, the company has completed ~INR120bn of the work to date. Major portion of the balance ~INR40bn is likely to be executed in FY26E.

10. **Investment in subsidiaries/JVs** at end-Q1FY26 was INR10.5bn (INR10.7bn in Q4FY25).

11. **Capex:** The company incurred capex of ~INR0.9bn in Q1FY26 and expects INR7.5bn capex in FY26.

12. **BSNL order:** Groundwork has started on this order and designing is going on. Billing is expected to start from Q3FY26 and pick up pace by end-FY26E.

13. **GMLR order:** Work on the casting yard and approach road has started. They are awaiting a few approvals post-which they will start the work in full swing here.

Company Description

NCC is one of the largest construction players in India and undertakes civil construction in transportation, water & irrigation, buildings, power, transmission and distribution. The company has ventured into railways and metals segments as well. It also has exposure to the real estate development space and owns land bank in various cities in South India.

Investment Theme

NCC is a well-diversified player in the construction space. That it has built up capabilities across infrastructure verticals implies a slowdown in one vertical would not affect its overall growth a great deal. Moreover, NCC has a sizeable land bank spread across cities in South India. Even though the company has put on hold its development plans due to a soft real estate market, these land holdings are expected to result in significant value accretion as and when the real estate market improves.

Key Risks

The company's venture into the asset ownership space has resulted in upfront investments with returns being back-ended. Though the company has pruned its real estate plans considerably, it still has exposure to subsidiaries through investments and loans given out to them.

Although we believe the thrust on infrastructure spending by the government would continue, given that public sector finances are getting stretched, any cut in spending could affect order intake and growth assumptions. Even though NCC is a well-diversified player and is insulated in terms of order intake risks to any particular vertical, the overall decrease in spending could have a bearing on its growth prospects.

Additional Data

Management

Chairman	Durga Prasad
MD & CEO	A V RANGA RAJU
CFO	Sanjay Pusarla
Director	Uma Shankar
Auditor	S.R. Batliboi & Associates LLP

Holdings – Top 10*

	% Holding		% Holding
Rekha Jhunjhunw	12.48	L&T MF	0.68
ICICI Pru	5.99	Norges Bank	0.68
Quant MF	4.73	TIAA	0.68
Blend Fund 2	1.20	Franklin	0.49
Kotak AMC	0.71	HDFC AMC	0.39

*Latest public data

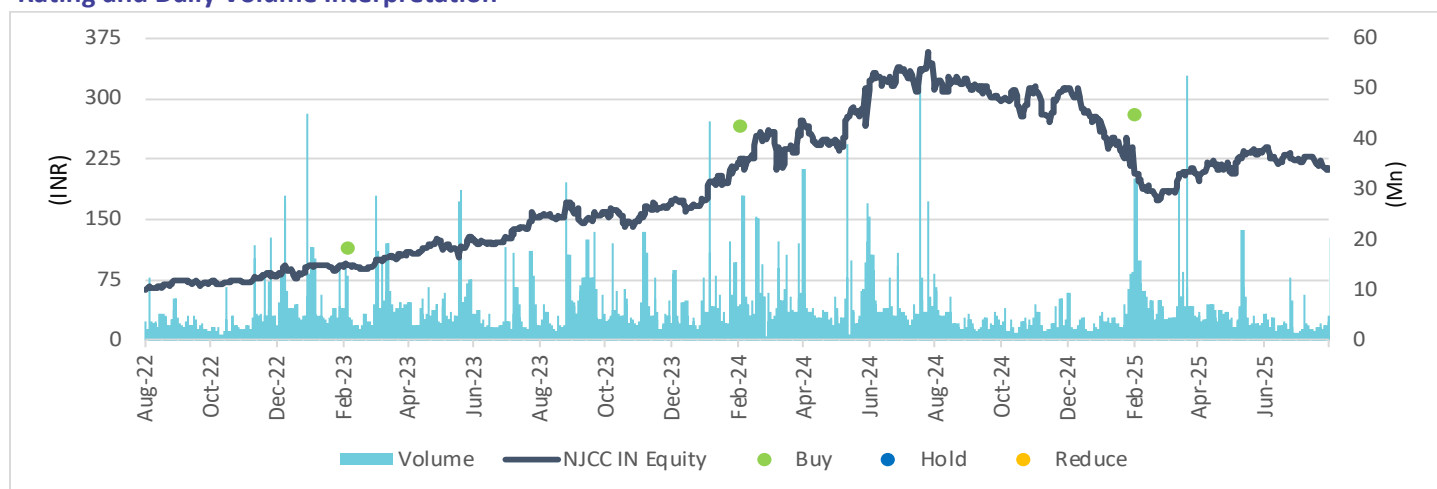
Recent Company Research

Date	Title	Price	Reco
16-May-25	Mixed bag; <i>Result Update</i>	227	Buy
06-Feb-25	Weak performance; <i>Result Update</i>	238	Buy
07-Nov-24	Mixed bag; <i>Result Update</i>	316	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
06-Aug-25	Adani Ports & SEZ	Near-term volume woes; guidance unchanged; <i>Result Update</i>
04-Aug-25	G R Infraprojects Limited	Soft quarter; <i>Result Update</i>
01-Aug-25	Infrastructure	Awarding improves; construction falls; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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